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SUBJECT: MEDIA REACTION: U.S. ON CROSS-STRAIT TRADE, U.S.-CHINA
STRATEGIC ECONOMIC DIALOGUE, INTER-KOREAN RELATIONS

11. Summary: Taiwan's major Chinese-language dailies continued to focus news coverage May 22 on the cabinet shuffle; on the dispute between the central government and the Taipei city government over the renaming of the Chiang Kai-shek Memorial Hall to "National Taiwan Democracy Memorial Hall;" and on other local issues. All major Chinese-language and English-language dailies carried in inside pages remarks by AIT Taipei Director Stephen Young to Taiwan's Chinese National Association of Industry and Commerce (CNAIC) Monday, to the effect that expanded cross-Straits ties will enhance the U.S.-Taiwan partnership.

22. In terms of editorials and commentaries, an editorial in the mass-circulation "Apple Daily" criticized President Chen's remarks during Monday's CNAIC speech, saying that one can hardly tell whether Chen is for or against the deepening of cross-Straits ties. An analysis in the pro-independence "Liberty Times," however lashed out at AIT Director Young. The article said that, given the United States' leadership in the international community, it is China, not Taiwan, that Washington should impose pressure on, and the U.S. should demand that China remove all the barriers to cross-Straits trade talks. An editorial in the limited-circulation, conservative, pro-unification, English-language "China Post" discussed the U.S.-China Strategic Economic Dialogue. The article said tangible results are expected from the dialogue, despite the disputes between China and the U.S. A separate "Apple Daily" column discussed inter-Korean relations and said it is likely that the situation in Northeast Asia will have a dramatic development. End summary.

33. U.S. on Cross-Straits Trade

A) "Small Bird A-Bian"

The mass-circulation "Apple Daily" [circulation: 520,000] editorialized (5/22):

"President Chen said yesterday that, 'Reform is like a bird; too tight a grip kills the bird, but too loose a grip sets the bird free.' At a loss for what he meant, aren't you? Is Chen for or against the opening of cross-Straits relations, anyway? All we know is that, under his rule, 'the bird of [our] youth is gone forever,' and that everyone's life has become 'mediocre' over the past seven years. ...

"Stephen Young has made it very clear: There is no way Taiwan can obtain 'most favored nation' trade treatment [sic; they mean a Free Trade Agreement] from the United States unless it liberalizes its relations with China. A-Bian's reply was this mysterious 'bird theory' to dismiss it for the time being. He even blamed other people by saying that the [local] businesses are afraid of being labeled, and government employees are afraid of drawing criticism for every move they make. He made it sound as if he is the one that strongly upholds liberalization, while the others are resisting it.

..."

B) "Stupid! The Problem Is on the Other Side [of the Taiwan Strait]"

Journalist Tsou Jiing-wen noted in the pro-independence "Liberty Times" [circulation: 500,000] (5/22):

"Stephen Young requested in the presence of President Chen again yesterday that the [Taiwan] government open its trade and economic [relations] with China. Young's agenda was very clear; he was pleading for the interests of U.S. firms. But it is a great pity that his statements were too sketchy, and he has obscured the focus of the issue and mixed up his target. Given the United States' super powerful strength in the international community, it is China that Washington should impose its pressure on; it can never be Taiwan.

"Taiwan's signing a Free Trade Agreement (FTA) with the United States and Taiwan's trade and economic policy toward China are two separate issues. Young's mixing the two into one was a lousy way of lobbying. One can even turn it around and say that only when Taiwan's signing of FTAs with countries such as the United States and Japan progresses smoothly can the island gain more confidence in its efforts to resist marginalization, which will then contribute to Taiwan's review of the China issue. Since the United States [said it] does not want to sign the [free trade] agreement, there is no premise here; why is it that Washington expects Taiwan to take a blind move?

"In addition, what kind of impact does the status quo across the Taiwan Strait have on the interests of U.S. firms? And which businesses are affected? Young needs to be held responsible to verify them and offer specific examples of such barriers. He must not make unwarranted accusations, which are useless to offer correct remedies to solve the problems and are not conducive to the STRATEGIC ECONOMIC DIALOGUE, INTER-KOREAN RELATIONS

relationship between [our] two countries. ...

"Anyone who is familiar with the process of cross-Strait talks is aware of Taiwan's clear stance toward the issue over these past few years -- namely, [Taiwan] wants to discuss opening cross-Strait transportation on an equal footing [with China], and the talks will start with cargo transportation first, followed by passenger flights. Taiwan has never said it does not want direct transportation. But China has made it clear that it wants to use political issues to obstruct economic ones, and it insists on using [what China calls] domestic flights [i.e., flights between Mainland China and Taiwan, which Taiwan considers to be international flights] to deny Taiwan's plan of opening its international flights to various countries, a move that has thus stalled the schedule of [cross-Strait] opening. Who is the troublemaker here? How can Young not be aware of it? Given the United States' leading role, it should, if it has the guts, go and demand that China remove all barriers. What grounds does it have to turn around and ask Taiwan to sign a disgraceful agreement?

"As a representative of the U.S. State Department, the United States' interests as a whole that Young has in mind should include the United States' strategic interests in Asia and should not be limited to the interests of certain U.S. firms. Young needs to be prudent in his words and deeds so as to grasp precisely the principle of proportion.

"The fact that a [foreign] envoy can speak out loudly and straightforwardly in front of a Taiwan president also indicates that our government's team in charge of negotiations with the United States has been in an inferior or even an ineffective position for a long time. The results this team has achieved under the table have been dissatisfying, so it has failed to seek other support successfully to safeguard Taiwan's national interests. The consequence was that China is able to join hands with other big countries to make whatever demands it wants from Taiwan. Who should be held responsible to put to right [such a poorly managed team]? [The government] must not give an evasive reply [to this question] either."

14. U.S.-China Strategic Dialogue

"U.S. Reliant on China Trade"

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (5/22):

"The second U.S.-China 'Strategic Economic Dialogue' meetings are being held in Washington today and tomorrow. ... In the December SED in Beijing, both sides walked away with a list of symbolic agreements, such as allowing the New York Stock Exchange and the Nasdaq Stock Market to open offices in China, and promising to work together on more commercial air travel between the two countries. Change will prove difficult, largely because U.S. companies have become so dependent on the Chinese economy that tighter rules on imports stand to harm the U.S. economy, too. ... Despite the disputes, tangible results from the dialogue are expected to include an agreement on the relaxation on foreign ownership restrictions of Chinese security firms, new commercial flights between the two countries and American technology to promote energy efficiency and pollution control in China."

15. Inter-Korean Relations

"Crossing the 38 Degrees North Latitude"

Columnist Antonio Chiang commented in the mass-circulation "Apple Daily" [circulation: 500,000] (5/22):

"A few days ago, trains from North and South Korea respectively crossed the military borderline of 38 degrees north latitude [i.e., the 38th parallel]. This was an unprecedented development in the past 56 years. Regardless of the various interpretations of this development -- whether it marked the beginning of unification between Seoul and Pyongyang, or it is simply a one-time political deal in which each side takes what it needs, once the trains started moving and had moved halfway already, it appeared likely that the situation in Northeast Asia will have a dramatic development. ...

"Both North and South Korea are for unification, but Seoul sees it with nationalistic, romantic passion, while Pyongyang calmly calculates the risks and interests of every move. Starting from [former President] Kim Dae-Jung to Roh Moo-Hyun, South Korea has proactively upheld the sunshine policy that calls for trade cooperation, peace, and prosperity. Even though such a policy has received wide criticism from the opposition party because of Pyongyang's lack of active response, Seoul remains firm and stuck to this policy. Pyongyang, on the other hand, used it as a bargaining STRATEGIC ECONOMIC DIALOGUE, INTER-KOREAN RELATIONS

chip to demand more loans and relief from South Korea, just like what it did during the nuclear talks with the United States."

YOUNG